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No 29, 30 OCTOBER 1985

Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 29, 30 October 1985

[This volume contains selected translations from the PRC STATE COUNCIL BULLETIN. Items marked [previously published] and [previously covered] have appeared in other JPRS or FBIS publications, and are cross-referenced wherever possible.]

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## FINANCIAL CONTROL REGULATIONS FOR BUSINESS UNITS

Beijing STATE COUNCIL BULLETIN in Chinese No 29, 30 Oct 85 pp 1000-1001

[Regulations on Financial Control in Business Establishments After the Reform of the Wage System (approved by the State Council on 7 October 1985 and promulgated by the Ministry of Finance on 12 October 1985)]

(Guohan zi [0948 0428 1316] (1985) No 153)

[Text] Article 1. These regulations are formulated for the purpose of supporting the reform of the wage system in business establishments, strengthening financial control in business establishments, rationally organizing financial income, making effective use of funds and promoting the development of business establishments.

Article 2. Business establishments that have switched to modern enterprise management and are financially independent shall no longer receive appropriations from financial departments and shall carry out independent accounting in accordance with relevant state regulations concerning enterprises and be responsible for their own profit and loss.

i) In accordance with state regulations, net revenue retained after tax payment shall be used to set up funds for business development, workers' welfare, workers' rewards and reserve. Of these, the proportion of business development funds cannot as a rule be smaller than 50 percent; that of workers' welfare funds cannot as a rule be larger than 20 percent; that of workers' rewards cannot as a rule be larger than 25 percent; and that of reserve funds should account for about 5 percent. The proportions of these funds may vary according to different situations in different business establishments and shall be determined and approved by departments in charge in conjunction with financial departments.

ii) Tax shall be paid in accordance with state regulations. Business establishments experiencing difficulties in paying taxes may be granted tax reduction or remission with the approval of taxation departments in accordance with the provisions of the taxation law.

iii) Following the launching of the self-financed wage reform in accordance with the standard for wages set by the state and by the provinces, autonomous regions or municipalities directly under the central authorities and also

the targets for wage increase approved by them during the reform of the wage system in 1985, business establishments shall be dropped off from future wage readjustments for organs and business establishments of the state.

iv) A system should be instituted in accordance with state regulations for the setting up of funds for the classified depreciation of fixed assets and for major overhauls, and the portion to be retained for such funds shall be determined and approved by the departments in charge in conjunction with financial departments. Cost management and the economic responsibility system should be strengthened. Standards for the collection of charges shall be subject to the control and supervision of the State Administration of Commodity Prices.

Article 3. Funds for business establishments that cannot, or cannot completely, stand on their own shall, in accordance with present state regulations, be appropriated by financial departments in the light of their business plans and work tasks.

i) For business establishments that have gradually switched to modern enterprise management, that carry out independent accounting and are responsible for their own profit and loss, subsidies for business outlays should be reduced from year to year, and they should achieve financial independence within the time limit set by their departments in charge in conjunction with financial departments. Before achieving financial independence, they may retain a portion of their financial revenue to make up for part of their budgetary outlay.

ii) For business establishments with financial revenue that practice full budget control, the proportional sharing of revenue shall be determined and approved by the departments in charge in conjunction with financial departments.

iii) Business establishments without financial revenue that practice differential budget control shall have their revenue checked and verified and be given fixed subsidies. They shall be allowed to retain for their own use amounts obtained through increasing revenue and reducing expenses, but shall not be given any subsidies for reductions in revenue or for overspending.

iv) Business establishments without financial revenue shall be appropriated funds by the Ministry of Finance. A method of assuming responsibility for a fixed budgeted amount, allowing the unit to retain surpluses for its own use and not granting subsidies for overspending shall be practiced.

v) Surplus funds secured by business establishments referred to in the foregoing paragraphs should be used to set up business development funds, workers' welfare funds and workers' rewards funds, and their specific proportions shall be determined and approved by the departments in charge in conjunction with financial departments.

vi) Business establishments with financial revenue that have carried out the wage reform in 1985 should shoulder all or part of the funds needed to effect wage increases in accordance with the program for the reform of the wage system for functionaries of state organs and business establishments. The amount of

self-financing shall be determined and approved by the financial departments in conjunction with competent departments in the light of specific conditions.

Article 4. Self-financed wage reform and bonuses issued by business establishments shall be drawn from the workers' rewards funds of the respective units. Bonuses issued over and above state prescribed limits shall be subject to the payment of bonus tax in accordance with the law.

Article 5. Business establishments should adhere to state regulations in granting allowances, subsidies and labor insurance and welfare to their employees and must not formulate their own regulations.

Article 6. Business establishments should, in accordance with state regulations, open a special bank account for wage funds and subject themselves to the supervision of the bank on the use of wage funds.

Article 7. Financial management methods and extra-budgetary funds management methods for different types of business establishments shall be formulated by the departments in charge in conjunction with financial departments.

Article 8. The Ministry of Finance shall be responsible for the interpretation of these regulations.

Article 9. These regulations shall go into effect with the commencement of the year 1985.

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CIRCULAR ON TAX, FINANCE, PRICE INSPECTIONS

Beijing STATE COUNCIL BULLETIN in Chinese No 29, 30 Oct 86 pp 1006-1007

[Circular of the State Administration of Commodity Prices on Conducting Major Inspection of Commodity Prices Simultaneously With the Major Inspection of Tax Revenues and Financial Affairs (17 September 1985)]

(Jiajian zi [0116 2914 1316] (1985) No 314)

[Text] As instructed by the leading comrades of the State Council, a major inspection of commodity prices should be carried out during the nationwide inspection of tax revenues and financial affairs. Details concerning this major inspection of commodity prices, apart from being sent to the General Office for Major Inspection of Tax Revenues, Financial Affairs and Commodity Prices under the State Council to be transmitted to work groups for major inspection of tax revenues, financial affairs and commodity prices in various provinces, autonomous regions and municipalities directly under the central authorities, are hereby given in the following Circular:

1. The "Report Concerning the Launching of A Major Inspection of Tax Revenues and Financial Affairs" compiled by the Ministry of Finance and approved and circulated by the State Council (carried in No 25, 1985 of this Bulletin) shall be adhered to as regards the scope, time limit, methods and requirements of this major inspection of commodity prices.
2. The content and key points of inspection shall be:
  - i) Production and business enterprises that raise prices in disguised forms by redesignating products (or means of production) covered by the state plan as categories not covered by the state plan in contravention of state-set prices when transferring and supplying means of industrial production that are covered by the state plan and subject to fixed pricing by the state, and make a profit by selling or reselling these products at high prices;
  - ii) The practice of adopting two sets of prices, one within and the other outside the state plan, for raw and semi-finished materials for the light and textile industries which are subject to uniform pricing by the state;



iii) The overstepping of authority in making price readjustments or the resale of fraudulent purchases at a profit in respect of those means of livelihood subject to uniform prices set by the state in contravention of state pricing policies;

iv) The authorized raising of charges and the levying of additional charges under all sorts of pretexts in respect of non-commercial charges fixed by the state in contravention of standards set by the state;

v) Whether or not the various economic and administrative measures formulated by the state in respect of major non-staple foodstuffs that are made available without restriction, such as meats, eggs and vegetables, have been implemented; whether the lifting of restrictions has been seized upon for the raising of prices; whether or not the policy of asking the enterprises to shoulder the expenses incurred from rising prices for raw and semi-finished materials has been implemented; and whether or not the policy of prohibiting the raising of prices of soap, pig skin products and so on has been carried out.

3. Various localities must avail themselves of the launching of the present major inspection to investigate and handle individual long-pending cases involving large amounts and are grave in nature. They also must tackle serious and long-standing problems.

4. Pricing departments at all levels must, of their own accord, report the situation of price inspection to inspection leading groups of governments at all levels, ask them for instructions, and grasp this task well under their unified leadership. Major problems discovered in the course of inspection should be promptly reported to the department of commodity price inspection under the State Administration of Commodity Prices. Upon completion of the inspection, a summary report must be submitted to the higher level.

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END